1: Anonymous U-4 (no date) 1938 RB1 Baltic States RB1

PREFACE

121 THE object of the series of publications, of which the present volume is the second (the first, *The Balkan States, I. Economic*, was published in 1936 and the third, *The Scandinavian States*, will be published shortly), is to provide within deliberately restricted limits a concise, and at the same time relatively comprehensive, review of the historical background, political and economic development and structure, and foreign relations of the countries in the regions with which they deal.

The grouping together of the three Baltic States is to some extent arbitrary, since, although they share much in common, and although for geographical, historical, and social reasons many of their problems are the same, they form what are essentially three separate and distinct national groups. Their differences are at least as striking as their similarities.

●105 Racially, although there is relationship between the Lithuanians and Latvians, there is none whatever between either of these peoples and the Estonians, whose language and culture approximate to those of Finland. As regards religion, the Lithuanians are almost entirely Roman Catholic; the Latvians and Estonians are mainly Protestant. Estonia and Latvia look to the Baltic, and have maritime and fishing interests; Lithuania is almost entirely an inland and agricultural country—her only port (Klaipeda, or Memel) has a preponderant German population. Tartu (Dorpat) in Estonia and Riga in Latvia are educational and cultural centres of long tradition. There is no comparable centre in Lithuania, since Vilna is in Polish possession. Thus, it may be said, without unfair implication, that politically, culturally, and industrially both Latvia and Estonia have reached a more advanced stage of development than Lithuania. Moreover, the progress of the two former States has not been retarded by difficult and at times serious disputes with their neighbours, such as Lithuania's conflicts with Poland in regard to Vilna, and Germany in regard to Memel; further, Lithuania has never possessed manufacturing industries of any great importance, and is still dependent on agriculture and timber; whereas Estonia and Latvia are relatively more advanced industrially, largely owing to the economic structure developed when they formed important industrial centres in the Russian Empire.

Again, in the matter of communications Lithuania was less well served than the other two States, for, until the seizure of Memel in 1923, she had no port under her control, and even after that date no

105 port subject to her unrestricted sovereignty. In spite of these difficulties, which placed her at a serious disadvantage as compared with Estonia and Latvia, the success of Lithuania in organizing the country commercially, developing agricultural production, and finding foreign markets for dairy produce has been remarkable.

Nor are the problems of external and internal policy by any means identical in the three countries. But there are certain factors in the situation of all three of them which tend to link them together—in the minds of the outside world at any rate, and to some extent even in their own.

105 648 131 The three Baltic States were all until recently part of the Russian Empire. They form, in effect, although Lithuania has no common frontier with the Soviet Union, a buffer between Germany and Russia. As such, they are as much the potential battle-field for a clash between these two great ideological protagonists as they are the potential victims of agreement between them for their partition. Geographically, they occupy the seaboard and cover a territory which in the past were regarded in Germany as a natural field for trade and colonization, and in Russia as an essential, if not a vital, outlet to the Baltic Sea. After the War, the Revolution, and the attainment of independence by the three States, the Soviet Union's Baltic seaboard was reduced to less than one hundred miles at the head of the Gulf of Finland, and the natural lines of communication from central Russia to the sea-ports of Tallinn (Reval), Paldiski (Baltic Port), Riga, and Liepāja (Libau) were blocked by the new frontiers.

Their geographical position has also exposed them to propaganda in favour of the political doctrines of their neighbours. In the immediate post-war period Bolshevism contributed the principal source of anxiety; Germany at that time was still weakened by defeat. From 1933 onwards a new preoccupation in the form of National-Socialism came upon them from the West. Thus, in the political sphere their perpetual lot seems to be the steering of a difficult course between Scylla and Charybdis.

105 In the economic sphere also Estonia, Latvia, and Lithuania share many problems in common; the dislocation caused by the War and the Soviet Revolution, by the agrarian reform and the loss of former markets and their natural hinterland in Russia and Poland across the new frontiers, has borne heavily upon them; all three States have populations predominantly engaged in agriculture; all have striven hard to intensify agrarian production, discover new markets, and [474] develop their industry. Co-operative organization, especially as regards agriculture, is an outstanding feature in all three countries, and has played an important part in the development of production; shortage of capital has equally been a cause of retarding it.

105 439 In regard to foreign trade, the predominant share of the United Kingdom and Germany will at once attract attention. For the Baltic States the United Kingdom represents an overwhelmingly important export market for dairy produce, bacon, and timber—almost as important relatively as the British market is to Denmark. The same, though to a lesser degree, is true of Germany. For both these countries the Baltic States offer a valuable market for manufactured goods. The struggle for this market has been keenly contested, with the advantage in favour of Germany until 1934, when the new British Trade Agreements redressed the balance in favour of the United Kingdom.

105 642 In the political sphere, a phenomenon which cannot escape attention is the transformation from the ultra-democratic Constitutions promulgated in 1920 to dictatorial régimes, which appear to be groping towards some new organization of the State upon a corporative basis. In Estonia, however, since the promulgation of the new Constitution, an evident effort is being made to return to democratic government.

121 The economic chapters have been specially prepared for the Information Department, and have been divided into two main parts, the first dealing with the structure and development of the three States up to the crisis of 1931, the second describing the effects of the crisis upon their economy and their successful efforts to fight their way back to recovery.

CHATHAM HOUSE,

May 9, 1938.

2: Anonymous G-4,5 (no date) 1939 RB1 Baltic Countries RB1
Estonians R64

WAGES IN THE BALTIC COUNTRIES

BC 101

FOUR Baltic countries—Estonia, Finland, Latvia, and Lithuania—are related to one another not only by their geographical location on the eastern shores of the Baltic Sea but also by their historical background, for they all belonged to the former Russian Empire. Estonia, Latvia, and Lithuania were merely provinces of that empire, but Finland was an autonomous state, although with considerably restricted autonomy.

BC 161

Of these countries, Finland is the largest in territory and population, having about 3,365,000 inhabitants, while Estonia is the smallest, with about 1,127,000 inhabitants.

BC ●105 511

The level of industrial development and relations and of educational standards in the Baltic countries more nearly resembles that of Scandinavian than of any other European group of countries.[1] Also, although wages are lower in the Baltic countries, it is generally agreed that the cost of living is also lower than in the Scandinavian countries.

Wages in Estonia[2]

E 465 745

The wage rates as indicated in the following tables represent the wages as received by workers, and include deductions for sickness and accident insurance. For sickness insurance, the deduction is 2 percent of the wages, to which the employer adds 4 percent. For insurance against accident no deduction is made, but 1 percent is contributed to the insurance fund by the employer alone.

AGRICULTURE

E 465 241

The shortage of farm laborers in 1937 affected the wage situation in Estonian agriculture, causing the wages to rise. Thus, for example, the average monthly wages of male farm hands employed on a yearly contract increased from 22.10 krooni [3] in 1936 to 27.20 krooni in 1937, or 23 percent. For females the increase was 22 percent, their average monthly wage rate for 1937 being 19.50 krooni. Farm workers employed on a summer contract were paid the following average monthly wages in 1937: Male laborers, 38.10 krooni, female laborers 27.10 krooni, and herders 19.80 krooni, representing increases of 23 percent, 22 percent, and 19 percent from the corresponding figures for 1936. Table 1 gives the wages for farm laborers in 1937, employed on both yearly and summer contracts, according to age. Averages for workers aged 18 to 50 are also shown by years from 1933 to 1937.

[1] See Monthly Labor Review, November 1938, pp. 1123-1144: Wages and Hours in Scandinavian Countries, 1937-38.

[2] Report of Edward Hunt, clerk of American Consulate at Tallinn.

[3] Kroon (100 senti) in 1936 to 1938—about 27 cents, U. S. currency.